

The Impact of Consumer Boycotts on Brand Loyalty and Market Positioning: Insights From Pro-Israel Product Boycotts in Singkawang City, Indonesia

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ABSTRACT

This study investigates the impact of consumer boycotts on brand loyalty and market positioning, focusing on pro-Israel product boycotts in Singkawang City, Indonesia. Using a mixed-methods approach, combining quantitative surveys and qualitative interviews, we examine consumer participation in the boycott, its influence on brand loyalty, and the responses of targeted brands. Our findings reveal a significant relationship between boycott participation and decreased loyalty towards boycotted brands, with varying degrees of switching behavior observed. Furthermore, the study highlights the role of socio-cultural factors in shaping consumer responses to boycotts. The research provides valuable insights for brand managers seeking to navigate the challenges of consumer activism and maintain brand loyalty in diverse cultural contexts. Policy implications include the need for brands to engage in transparent communication and demonstrate ethical sourcing practices to mitigate the negative impacts of boycotts.

Keywords: Brand Loyalty, Consumer Activism, Consumer Boycotts, Market Positioning, Sustainability Strategies

ABSTRAK

Studi ini menyelidiki dampak boikot konsumen terhadap loyalitas merek dan posisi pasar, dengan fokus pada boikot produk pro-Israel di Kota Singkawang, Indonesia. Dengan menggunakan pendekatan metode campuran, menggabungkan survei kuantitatif dan wawancara kualitatif, kami memeriksa partisipasi konsumen dalam boikot, pengaruhnya terhadap loyalitas merek, dan tanggapan merek yang ditargetkan. Temuan kami mengungkapkan hubungan yang signifikan antara partisipasi boikot dan penurunan loyalitas terhadap merek yang diboikot, dengan berbagai tingkat perilaku peralihan yang diamati. Lebih lanjut, studi ini menyoroti peran faktor sosial-budaya dalam membentuk respons konsumen terhadap boikot. Penelitian ini memberikan wawasan berharga bagi manajer merek yang ingin menavigasi tantangan aktivisme konsumen dan mempertahankan loyalitas merek dalam konteks budaya yang beragam. Implikasi kebijakan termasuk perlunya merek untuk terlibat dalam komunikasi yang transparan dan menunjukkan praktik pengadaan yang etis untuk mengurangi dampak negatif boikot.

Kata kunci: Loyalitas Merek, Aktivisme Konsumen, Boikot Konsumen, Posisi Pasar, Strategi Keberlanjutan

INTRODUCTION

Consumer boycotts, driven by ethical, political, or social concerns, have become increasingly prevalent, wielding significant influence on brand perceptions, loyalty, and market dynamics. Prior research has explored the effectiveness of boycotts, their impact on target companies, and the factors influencing consumer participation. However, much of this research focuses on Western contexts, leaving a gap in our understanding of boycott dynamics in other regions, particularly in culturally diverse settings. Furthermore, the interplay between boycotts, brand loyalty, and market positioning in the Asia-Pacific region remains under-researched.

This study addresses this gap by investigating the impact of consumer boycotts on brand loyalty and market positioning, focusing on pro-Israel product boycotts in Singkawang, Indonesia. Singkawang, known for its remarkable religious and ethnic tolerance, presents a unique context for examining how boycotts, motivated by international political issues, influence local consumer behavior and brand dynamics. This research contributes to the literature by examining these dynamics in a non-Western, culturally diverse setting, offering insights into the nuances of consumer activism in the Asia-Pacific region.

This study draws upon the theory of planned behavior to understand consumer participation in boycotts. This theory posits that behavioral intentions are influenced by attitudes towards the behavior, subjective norms, and perceived behavioral control. In the context of boycotts, attitudes towards boycotting pro-Israel products, perceptions of social pressure to participate, and perceived ability to avoid these products are expected to influence boycott participation. Furthermore, the study incorporates the concept of brand loyalty, which suggests that loyalty is built upon a combination of attitudinal and behavioral factors.

This study aims to achieve the following objectives:

1. To examine the extent of consumer participation in pro-Israel product boycotts in Singkawang.
2. To investigate the impact of boycott participation on brand loyalty towards both boycotted and alternative brands.
3. To explore how brands respond to consumer boycotts in terms of public relations efforts, value realignment, and market positioning adjustments.
4. To analyze the influence of socio-cultural factors on boycott participation and brand loyalty in Singkawang.

By addressing these objectives, this study seeks to contribute to a deeper understanding of consumer activism's role in shaping brand dynamics and market positioning in the Asia-Pacific region. The findings will provide valuable insights for marketers and brand managers operating in diverse cultural settings, helping them develop effective strategies to navigate the complexities of consumer boycotts and maintain brand loyalty.

RESEARCH METHODS

This study employs a mixed-methods approach, combining quantitative surveys and qualitative interviews, to provide a comprehensive understanding of the impact of consumer boycotts on brand loyalty and market positioning, focusing on pro-Israel product boycotts in Singkawang, Indonesia. This approach allows for a more nuanced understanding by combining numerical data with in-depth insights.

Data Collection

1. Quantitative Survey:

- **Population and Sample:** The population consists of consumers in Singkawang. A sample of 150 respondents was selected through stratified random sampling based on age and religious background to ensure representation of the city's diverse demographics.
- **Survey Instrument:** A structured questionnaire is developed to measure consumer participation in boycotts, brand loyalty, and switching behavior. The questionnaire includes Likert-scale items to assess attitudes and behaviors.
- **Measurement and Operational Definitions:**
 - **Boycott Participation:** Measured using a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) based on questions such as, "I have intentionally avoided purchasing products from brands supporting Israel."
 - **Brand Loyalty:** Assessed using a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) based on questions such as, "I would recommend this brand to others," and "I intend to continue purchasing this brand." This focuses on both attitudinal and behavioral loyalty.
 - **Switching Behavior:** Measured by asking respondents if they had switched brands due to the boycott, with options "Yes," "No," and "Not Applicable."
- **Data Collection Procedure:** Data were collected over two months through online and in-person surveys.

2. Qualitative Interviews:

- **Participants:** Fifteen participants were selected for semi-structured interviews, including individuals who participated in the boycott and those who did not.
- **Interview Guide:** The interview guide explored motivations for boycott participation (e.g., "What were your primary reasons for participating in the boycott?"), perceptions of boycott effectiveness (e.g., "Do you believe the boycott has been successful in achieving its goals?"), and the impact on purchasing behavior (e.g., "Has the boycott changed your purchasing habits in any way?").

- **Data Collection Procedure:** Interviews were conducted face-to-face and via video call, recorded with participant consent, and transcribed verbatim.

Data Analysis

1. Quantitative Data Analysis:

- **Descriptive Statistics:** Descriptive statistics (frequencies, means, and standard deviations) were calculated using SPSS software to summarize survey responses. Independent samples t-tests were used to compare differences in brand loyalty between boycott participants and non-participants.
- **Inferential Statistics:** Chi-square tests and regression analysis examine relationships between boycott participation, brand loyalty, and demographic variables, identifying significant predictors.

2. Qualitative Data Analysis:

- **Thematic Analysis:** Thematic analysis, following the six-phase framework by Braun and Clarke, was employed to analyze interview transcripts. This involved familiarization with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report.
- **Triangulation:** Data triangulation compares quantitative and qualitative findings to corroborate and provide a comprehensive understanding of the research problem.

RESULT AND DISCUSSION

This study investigates the impact of consumer boycotts on brand loyalty and market positioning, focusing on pro-Israel product boycotts in Singkawang, Indonesia. The results and findings are presented based on the analysis of both quantitative survey data and qualitative interview insights.

Quantitative Results

1. Consumer Participation in Boycotts:

- The survey revealed that 45% of the respondents participated in boycotts of pro-Israel products. This significant participation rate indicates a strong consumer response to political and ethical concerns.
- Demographically, younger consumers (ages 18-35) were more likely to participate in boycotts compared to older age groups.

2. Impact on Brand Loyalty:

- Among participants, 60% reported a decrease in loyalty to brands associated with pro-Israel products. This decline was more pronounced among those who were highly aware of the political implications of their purchasing decisions.

- Conversely, 25% of participants indicated increased loyalty to alternative brands that align with their ethical and political values, demonstrating a shift in consumer loyalty.
- 3. Brand Switching Behavior:**
 - The data showed that 40% of respondents who participated in the boycott switched to competing brands. This behavior was particularly evident in the food and beverage sector.
 - Brand switching was driven by the availability of alternative products that met consumers' ethical standards.

Qualitative Findings

- 1. Motivations for Boycott Participation:**
 - Interviews revealed that the primary motivations for participating in the boycott were ethical concerns and political solidarity. Consumers felt a moral obligation to avoid supporting brands associated with pro-Israel products.
 - Participants also expressed a desire to influence corporate behavior and raise awareness about the political issue.
- 2. Perceived Effectiveness of Boycotts:**
 - Many participants believed that boycotts were effective in sending a message to companies about consumer values. They felt empowered by their collective action and its potential impact on brand behavior.
 - However, some expressed skepticism about the long-term effectiveness of boycotts, noting the difficulty in sustaining consumer engagement over time.
- 3. Impact on Brand Perception:**
 - The interviews highlighted that boycott significantly affected brand perception. Brands associated with pro-Israel products were viewed negatively, impacting their overall image and consumer trust.
 - On the other hand, brands perceived as ethical and politically neutral gained positive perceptions, enhancing their market positioning.

Key Insights and Trends

- The study found that consumer boycotts have a profound impact on brand loyalty and market positioning. In Singkawang, a city known for its tolerance and diversity, these boycotts reflect broader ethical and political considerations among consumers.
- The shift in brand loyalty towards ethically aligned brands underscores the importance of incorporating sustainability strategies in business and management. Companies need to align their values with those of their consumers to maintain loyalty and market share.

The findings also suggest that boycotts can serve as a catalyst for brands to re-evaluate their market strategies and enhance their corporate social responsibility initiatives.

CONCLUSION

This study examined the impact of consumer boycotts on brand loyalty and market positioning, focusing on pro-Israel product boycotts in Singkawang, Indonesia. The findings reveal that such boycotts significantly affect brand perception and loyalty, particularly among younger consumers motivated by ethical and political concerns. Consumers participating in the boycott demonstrated a decreased loyalty to the targeted brands and exhibited varying degrees of switching behavior. The study highlights the importance of aligning brand values with consumer values to maintain loyalty and market positioning, especially within specific socio-cultural contexts.

Implications for Theory

The research expands the understanding of consumer boycotts within the socio-cultural context of the Asia-Pacific region. It supports the theoretical proposition that consumer activism can drive market dynamics and brand strategy changes. The study underscores the need to integrate ethical considerations into theories of brand management and consumer behavior.

Implications for Practice

For practitioners, the study offers practical insights into managing brand loyalty and market positioning amid consumer boycotts. Companies should:

- **Enhance CSR Initiatives:** Implement CSR practices that reflect consumer values and address ethical concerns.
- **Transparent Communication:** Engage in open communication with consumers about brand values and actions to build trust.
- **Adapt Marketing Strategies:** Tailor strategies to resonate with the target market's socio-cultural context and emphasize ethical neutrality.

Brands that respond effectively to consumer activism by realigning their values and strategies are more likely to maintain loyalty and improve market positioning.

Implications for Policy

Policymakers in the Asia-Pacific region should:

- **Promote Ethical Business Practices:** Encourage businesses to adopt ethical practices through incentives and regulations supporting CSR and sustainability.

- **Support Consumer Rights:** Ensure consumers have the information needed to make informed decisions, including transparency about product origins and company practices.
- **Foster Ethical Business Environments:** Create policies that support ethical businesses, such as tax incentives for strong CSR records and penalties for unethical practices.

Limitations

This study acknowledges certain limitations. The research focused on a specific geographical area and a particular boycott case, which may limit the generalizability of the findings to other contexts. The sample size, while representative of the target population, could be expanded in future research for greater statistical power. Additionally, the study primarily captured short-term effects of the boycott; longitudinal studies are needed to assess long-term impacts on brand loyalty and market positioning.

Future Research Directions

Future research should explore the long-term effects of boycotts on brand loyalty and market share. Investigating the effectiveness of various brand response strategies in mitigating the negative impacts of boycotts would also be valuable. Further research could examine the role of social media and online platforms in amplifying consumer activism and shaping boycott participation. Comparative studies across different cultural contexts could provide valuable insights into the diverse motivations and consequences of consumer boycotts.

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